



Financial Management Policies

Glossary

- A. Accrual Basis of Accounting – A basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows. For example, in accrual accounting, revenue that was earned on April 1, but for which payment was not received until July 10, is recorded as revenue on April 1st regardless of the timing of when the payment is received.
- B. Administering Department – The City of Fort Worth Department responsible for applying for and overseeing the activities of a grant-funded program.
- C. Annually Completed Actuarial Report – An Actuarial Report includes a type of appraisal which requires making economic and demographic assumptions in order to estimate future liabilities.
- D. Approving Official - Supervisors or above granted with approval authority by the Department Director.
- E. Auction Master Template – A form used by City departments to identify assets that will be disposed.
- F. Beneficiary Department Head - The Director of the City department, or his/her designee, for which a donation is designated or intended. The CFO shall act as the Beneficiary Department Head if no department is designated or intended
- G. Business Plan - A department-level plan. In this plan, departments outline each division's Service Areas and associated key performance indicators, and priority initiatives for each. This document is meant to serve as a high-level annual performance plan, in which measures are periodically updated to facilitate continuous observation, trend analysis, and improvement of department activities and services.
- H. Capital Improvement Plan (CIP) – A plan that describes the capital projects and associated funding sources the City intends to undertake in the current fiscal year plus four successive fiscal years, including the acquisition or construction of capital facilities and assets, and the maintenance thereof.
- I. Capital Projects Fund – A governmental fund established to account for resources used for the acquisition of large capital improvements and non-recurring expense other than those acquisitions accounted for in proprietary or trust funds.
- J. Cash Flow – The net cash balance at any given point. The Chief Financial Officer/Director of Finance shall prepare a cash flow analysis which projects the inflow, outflow, and net balance of cash reserves on a daily/weekly/monthly / annual basis.
- K. Closeout – The process of verifying that all grant requirements have been accomplished
Days Cash on Hand – A measure of cash saved that is not earmarked or designated for any purpose (unrestricted cash) which calculates the number of days a system can pay expenses associated



Financial Management Policies

Glossary

with daily operations and maintenance before complete depletion of unrestricted cash occurs. Days Cash on Hand is calculated by dividing unrestricted cash by the system's average daily cost of operations (annual operating expenses, excluding depreciation, divided by 365).

- L. Debt Service - The cash that is required for a particular time period to cover the repayment of interest and principal on a debt. Debt Service is projected on an annual basis.
- M. Debt Service Fund – a fund established to accumulate resources and to account for revenues and expenditures used to repay the principal and interest on debt.
- N. Deferred Inflows of Resources – resources that flow into a fund during the fiscal year, but are related to a future period. Deferred Inflows have a negative effect on net position, similar to liabilities. (Examples include: property taxes levied in the current year to finance the subsequent year's budget.
- O. Deferred Outflows of Resources - resources that flow out of a fund during the fiscal year, but are related to a future period. Deferred Outflows have a positive effect on net position, similar to assets. (Examples include: resources provided to a grantee before the grantee has met related time requirements, but after all other eligibility criteria have been met).
- P. Department of Finance – includes the references in the City Charter to the Department of Finance and the Department of Financial Management Services. For purposes of this policy, the Department of Finance is the department responsible for the corporate financial operations of the City.
- Q. Donation or Gift: A monetary (cash) contribution, endowment, personal property, real property, financial securities, equipment, in-kind goods or services, or any other asset that the City has accepted and for which the donor has not received any goods, services, or any other form of tangible compensation in return. For purposes of this policy, “donation” or “gift” shall be synonymous.
- R. Donor - A person or other legal entity that proposes or provides a donation or gift to the City.
- S. Endowment - Donations that are restricted to the extent that only earnings and not principal may be used for a particular purpose, City department, or location.
- T. Enterprise Fund - Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.
- U. Expenditure – refers to the value of goods and services *received* during a period of time, regardless of when they are *used* (accrual basis of accounting) or *paid* for (cash basis of accounting). Expense - refers to the value of goods and services *used* during a period of time, regardless of when they were *received* (modified accrual basis of accounting) or *paid* for (cash basis of accounting).



Financial Management Policies

Glossary

- V. FID – Funding Identifier used for funding control for financial and budget purposes.
- W. Fiduciary Fund – A fund that accounts for resources that governments hold in trust for other entities.
- X. Fund Balance – Fund balance is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Fund Balance is broken up into five categories:
1. Non-spendable Fund Balance – Includes amounts that are not in a spendable form or are required to be maintained intact. Examples are consumable inventories.
 2. Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and donations.
 3. Committed Fund Balance – Includes amounts that can be used only for the specific purposes determined by a formal action (for example, legislation, resolution, and ordinance) of the City Council. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
 4. Assigned Fund Balance – Comprises amounts intended to be used by the City of Fort Worth for specific purposes. Intent should be expressed by the City Manager. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at minimum, intended to be used for the purpose of that fund.
 5. Unassigned Fund Balance - Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. Unassigned amounts are technically available for any purpose.
- Y. General Fund – One of five governmental fund types. The General Fund typically serves as the chief operating fund of a government. The General Fund is used to account for all financial resources not accounted for or restricted to another fund.
- Z. Governmental Fund – funds generally used to account for tax-supported activities. There are five different types of governmental funds including: General Fund, Special Revenue Funds, General Debt Service Fund, Capital Project Funds, and Permanent Funds.
- AA. Incurred but not Reported Claims – Claims/and or events that have transpired, but have not yet been reported.
- BB. Indirect Costs – Expenditures the City will incur for managing the grant program. Any eligible



Financial Management Policies

Glossary

indirect costs shall be calculated and included in each grant application and shall be specified in the Mayor and Council Communication (M&C) seeking approval to proceed with a grant application or award. If a waiver of indirect costs is sought by the Administering Department, such waiver must quantify the estimated amount, explain the reasoning behind the request, and be approved by the Mayor and Council.

- CC. Internal Service Fund- Proprietary fund type used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.
- DD. Long-Term Financial plan (LTFP) - A Long-Term Financial Plan includes an analysis of the financial and economic environment, long-term forecasts, debt analysis, and financial strategies.
- EE. Mayor and Council Communication (M&C) – A formal means by which the City Manager received authorization from the City Council to perform a requested action
- FF. Modified Accrual Basis of Accounting – The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under this basis of accounting, revenues are recognized when they become both “measurable” and “available” to finance expenditures in the current period. For example, revenue that is earned and measurable on April 1, is billed on April 30th, and paid on May 1st would not be recorded as revenue until payment is received on May 1st.
- GG. Net Position – Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a proprietary fund.
- HH. Non-Capital Asset - Assets with an acquisition cost of 25K or less per unit. Examples include tables, chairs, file cabinets, library books, and miscellaneous equipment.
- II. Non-Recurring Item – An expenditure that has not occurred in the previous two years and is not expected to occur in the following year.
- JJ. Operating Expenditures (Governmental Funds) - An expenditure incurred in carrying out the City’s day-to-day activities. Operating Expenditures include such things as payroll, employee benefits and pension contributions, transportation and travel. Operating Expenses (Proprietary Funds) - An expense incurred in carrying out the City’s day-to-day activities. Operating Expenses include such things as payroll, employee benefits and pension contributions, transportation and travel, amortization and depreciation. Notwithstanding the foregoing, with respect to a City Enterprise for which obligations, secured in whole or in part by the revenues of such Enterprise (such as the City’s Water and Sewer System), have been issued or incurred, Operating Expenses shall be determined in accordance with State law and terms of the ordinances pursuant to which such obligations were issued or incurred.



Financial Management Policies

Glossary

- KK. Pay As You Go Financing - The use of currently available cash resources to pay for capital investment. It is an alternative to debt financing.
- LL. Pooled Cash – The sum of unrestricted cash and investments of several accounting funds that are consolidated for cash management and investment purposes. Investment income or expenditure is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
- MM. Program - A set of activities, operations, or organizational units designed and directed to accomplish specific service outcomes or objectives for a defined customer.
- NN. Proprietary Fund – A class of fund types that account for a local government’s businesslike activities. Proprietary funds are of two types: enterprise funds and internal service funds. Both use the accrual basis of accounting and receive their revenues from charges to users. (Enterprise Fund examples: Water and Sewer Fund, Stormwater Utility Fund, Municipal Parking Fund; Internal Service Fund examples: Equipment Services, Information Systems Fund).
- OO. Purchasing Department Coordinator – FMS Purchasing Division designee responsible for validation of the sale of assets and wire transfers.
- PP. Reasonable Cause - Reason(s) to qualify for penalty relief determined on a case by case basis considering all the facts and circumstances.
- QQ. Reserve (Governmental Funds) - Reserve refers only to the portion of Fund Balance that is intended to provide stability and respond to unplanned events or opportunities. See associated Reserve Policy for specific details.
- RR. Reserve (Proprietary Funds) - Reserve refers only to the portion of Working Capital that is intended to provide stability and respond to unplanned events or opportunities. See associated Reserve Policy for specific details.
- SS. Restricted Donation - Donations or gifts designated in writing by the donor for a specific or particular City department, location, or purpose. It shall also mean donations or gifts received for specific programs or activities established by the City. The receiving department shall have the responsibility to ensure the restrictions placed upon the donation are fulfilled.
- TT. Special Revenue Fund- Governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purpose other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.
- UU. Sponsorship - When the City decides to donate cash to an event or program hosted by a third party.



Financial Management Policies

Glossary

- VV. Unrestricted Donation - A donation to the City without any limitations being placed upon its use. Unrestricted donations shall be recorded in the General Fund.

- WW. Unrestricted Net Position - The portion of a fund's net position that is not restricted for a specific purpose.

- XX. Working Capital - An accounting term defined as current assets less current liabilities in a proprietary fund. Working Capital is used to express the Reserves available in proprietary funds for use.